Performance Management System: A Factorial Study Of Cement Companies In Rajasthan

Industry

Synopsis of the thesis to be submitted in fulfillment of the requirement for the

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By

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Introduction

India is the second largest cement producer in the world that makes cement industry one of the most important industry in India. In any country, the production and consumption of cement define the country's progress to certain extent. It comes after iron and steel industry therefore it plays vital role in country's economy. Cement is considered as most stable product but it has experienced severe constraint in demand and over capacity. Cement is an adhesive that holds the concrete together and is therefore vital for meeting economy's need of essential infrastructure such as hospitals, schools, roads, buildings etc. Hence, the cement is one of the major fundamental elements for setting up healthy and strong infrastructure of the country. It also plays an important role in welfare and economic development of the nation.

Cement, being a bulk item transporting it over long distances can prove to be uneconomical as it attracts very high amount of transportation cost therefore cement manufacturing industries are located near to the lime stone mines because lime stone is the major raw material ingredient of cement. If cement manufacturing industries are situated near to the limestone mine then transportation cost will be less. Likewise, Rajasthan has major lime stone deposits therefore all the major cement manufacturing players are having their plants in Rajasthan such as UltraTech cement, Binani cement, JK cement, ACC, Shree cement, Ambuja cement, Mangalam cement etc. Thus, it has resulted in cement being largely a regional player. In northern region, Rajasthan holds approximately 80 percent market share.

Cement industry's economic progress can be achieved by increasing production, which can be coupled with sound Performance Management System (PMS). However, the level of efficiency of production of cement industry reflects in the quantity and quality of product provided by industry to its customers. Country's performance in terms of economy depends upon the level of profitability. The optimal utilization of natural resources and other factors of inputs of capital, technologies etc. all are very much dependent on practices of Human Resource (HR). Profitability of cement industry depends upon many factors such as capital, funds, technology and very important factor is human aspect therefore the need of Human Resource Management (HRM) came in focus where PMS is very important factor. There are number of factors, which make impact on employee, but PMS plays a vital role.

If work force is poorly utilized then the growth of future in terms of employee satisfaction would be very tough. HRM is considered as the backbone of any industry including cement industry and PMS is considered as a key factor for building and developing the profitability of cement industry, besides land, technology, capital etc. HRM concept is considered as a sunrise whereas traditional personnel management is considered as sunset concept. HRM has aspired to be a business partner and see the PMS linkage with organization employee satisfaction. Hence, in cement industry PMS is very important for whole production cycle.

Variate structure of the study

In this research, variable of study would be factors of Performance Management System of cement companies.

Rationale

The present study "Performance Management System: A factorial study of cement companies in Rajasthan" is an attempt to analyze the factors of PMS by factorial study of major cement companies in Rajasthan.

Factors of PMS in cement industry are very important than other manufacturing companies because generally cement companies are located in remote areas wherein dusty environment, employee welfare facilities, quality of work life are major concerns and issues. Therefore, employee attrition rate is also high. However, most of the major cement companies are having their presence in Rajasthan. Hence, to analyze in depth the factors of PMS in cement companies, a micro level study is undertaken of cement companies in Rajasthan.

There are studies conducted to identify the factors of performance management system in many companies but it has not been found by extensive literature review that the study is conducted on PMS of cement companies in Rajasthan. The extensive literature review shows that work on PMS in many industries are done by several researchers but no research work is done specific for cement industries in Indian context.

Objectives

The objectives of this study are:

1. To study the factors of Performance Management System of cement companies in Rajasthan.
2. To do study of cement companies PM system in Rajasthan.
3. To identify key factors of performance management system by factorial study which have significant importance for cement companies.

Review of Literature

Leventhal(1980),Cascio and Bernardin(1981), Greenberg (1986), Alexander and Ruderman(1987), Murphy and Cleveland (1991).The ability to appeal a rating, which is considered unfair, inaccurate, or biased, is an important component to ensure perceptions of procedural fairness.

Dipboye, Robert L. and de Pontbriand, Rene (1981). In this study, 474 exempt employees in a research and development organization were surveyed regarding their opinions and perceptions of the appraisal process. Opinions of the appraisal and appraisal system were

positive to the extent they believed that (a) there was an opportunity to state their own side of the issues, (b) the factors on which they were evaluated were job relevant, and (c) objectives and plans were discussed.

Longenecker, Gioria and Sims (1987), Fried and Tiegs (1995). There is some evidence that raters deliberately distort subordinates performance ratings for political reasons, like manager provides inflated ratings to their subordinates in order to project his/her good image or to avoid any confrontation.

Another study sought to identify factors related to employee perceptions of the accuracy of performance ratings they received using a subjective rating system. It also sought to determine if the relationship between these correlates and perceived fairness and accuracy was moderated by employee sex and/or race. The results were based on the analysis of items from questionnaires completed by 234 government employees whose job performance was rated on a graphic rating scale.

Bies and Shapiro (1987).It is now a widely accepted fact that perceptions of fairness influence the way people think, feel, and act on the job.

Eisenberger, Robert and Valerie Davis-LaMastro (1990).The study combining across 361 respondents in nine organizations such as manufacturing, insurance etc. There was a highly consistent positive relationship of perceived support with employee attendance and job performance. In addition, the positive relationship found in the study between perceived support and employees' diligence in carrying out conventional role responsibilities, perceived support might be associated with constructive innovation on behalf of the organization without the anticipation of direct reward or personal recognition.

Arthur,Jeffrey B. (1994). Identifying two types of HR systems control, commitment and specific combinations of policies and practices are useful in predicting differences in performance and turnover across 54 U.S steel minimills.HR system moderated the relationship between turnover and manufacturing performance.

Huselid, Mark A.(1995).Evaluated the links between systems of high performance work practices and firm performance. Sample of nearly one thousand firms indicate that these practices have an outcome of turnover and productivity of corporate financial performance.

Dolan, L.Shimon and Moren, Denis (1995). Data were collected from 487 non-management subordinates in a large fast food restaurant enterprise in province of Quebec. The result indicate that the quality of rater ratee relationship is significantly related to overall retee perceptions of the appraisal process, perceived fairness of appraisal process and acceptability of the PA system.

Sabharwal (1995), Gopalan and Rivera (1997). Studies indicate that the Indian society is characterized by a culture of high power distance between superiors and subordinates.

Tang and Sarsfield-Baldwin (1996). Thurston (2001). This research indicates that procedural and distributive justice factors have been consistently correlated with employee's positive affective reactions toward their performance appraisal system.

Sparrow and Budhwar (1997). The findings indicated that leader credibility and motivation to change on the part of the leader significantly increases employee acceptance toward performance management and merit pay. In research study, it was found that the performance appraisal process is a relatively underemphasized factor in Indian managerial practices, which will jeopardize the external strategic competitiveness of Indian firms.

Amba, Rao (2000). Employee involvement and successful experiences will help reduce employee anxiety and skepticism toward performance management processes in Indian firms.

Herman, Steensma and Lisette, Otto (2000). In this study 78 employees and 33 supervisors completed a questionnaire to evaluate Performance Appraisal (PA) sessions. The results demonstrate supervisors perceived that they used more participative leadership and had better conversational techniques than the subordinates perceived. Supervisors also had a more positive perception of the number of topics that were discussed in PA sessions.

Thurston (2001), Cook and Crossman (2004). Perception of fairness of the performance appraisal system would influence positive affective reactions like performance appraisal satisfaction.

Byrne and Cropanzano (2001). Distributive fairness, procedural fairness, and interpersonal fairness are integral components of' organizational justice, which may be defined as the study of fairness at work.

Erdogan, Berrin (2002). Procedural, interactional, and distributive justice perceptions are examined in terms of their theoretical and measurement properties. The proposed model identifies several directions for future research in performance appraisal area. Justice perceptions will be related to organization-related, leader-related, and performance-related outcomes, through improved exchanges with the organization and the leader, and through increased accountability pressures. Therefore, performance appraisal is argued to be a critical incident, which shapes future interactions between the leader and member as well as the leader and organization, and influences future attitudes and behaviors. Differential relationships are expected between different types of justice and outcomes, but all types of justice perceptions are argued to be important for organizational effectiveness.

David P. Baker and R.Key Dismukes (2002). Explore facets of crew- performance assessment and discuss specific strategies for training pilot instructors to accurately assess aircrew performance.

Roberts (2003).Studies have found that the supervisor's goal setting behavior, and his/her relations with subordinates accounted for 53% of the variance in appraisal satisfaction, and employees' perception of their meaningful role in the appraisal process enhances their satisfaction and acceptance of the system.

Paul and Anantharaman (2003).Used interviews with employees in 35 different software companies located in India to show the positive effect of 'people management practices' on organizational performance and people management practices were defined by nine indicators, training, performance appraisal, induction, selection, job design, work environment, compensation, career development and incentives.

Appelbaum, Steven H. and Jacques, Adam –et al. (2005). Conducted a survey to measure employee satisfaction and found a correlation between job satisfactions, low motivation and the resulting low productivity. A direct correlation was also found between low productivity and poor communication between management, supervisors and employees.

Pedzani, Monyatsi and Trudie, Steyn –et al (2006). In this study,413 respondents captured teacher perceptions of the appraisal system in secondary schools in Botswana.In results, it appears that many teachers did indeed believe that teacher appraisal could be beneficial in motivating them to improve their performance. However, most teachers appeared to be either doubtful or negative about this. This is indeed a disconcerting finding.

Kuvaas, Bard (2007). The study examined two different models of the relationship between employee perceptions of developmental performance appraisal and self-reported work performance: a mediation model and a moderation model. Results from a cross-sectional survey of 434 employees showed that the relationship between perceptions of developmental performance appraisal and self-reported work performance was mediated by employee's intrinsic motivation, and strongly moderated by their autonomy orientation. For employees with a weak autonomy orientation, the relationship was positive, but for those with a strong autonomy orientation, the relationship was negative.

James R. Van Scotter and Jennifer R. Burnett. (2007). After expert ratings were obtained, US Air Force Officers with an average of six years experience rated the performance of four officers who delivered 6-7 minute briefings on their research projects; 26 raters reported being acquainted with one or more of the briefers. Raters were randomly assigned to use a rating format designed to encourage between-ratee comparisons on each dimension or a format in which each ratee was separately rated on all dimensions. The results show that prior acquaintance with the ratee results in more accurate ratings. Ratings were also more positive when raters had prior contact with the person they rated.

In 2008 a paper reports on a study that used focus group interviews with employees in an upscale hotel in Hong Kong, a special administrative region in China, on their views of the appraisal system that has been used. Research findings reveal that the system could be further improved.

Goyal, Rita (2011). For the purpose of the study, data were collected through personal contact of 250 employees in four branches of LIC in northern India. The result of study revealed that difference is significant between the perception of male and female employees regarding performance appraisal. Female employees have favorable attitude towards performance appraisal as compared to male employees. There is no significant difference among employees at different level regarding their perception of performance appraisal selected branches of LIC.

Omboi, Bernard Messah and Shadrack, M. Kamencu (2011). In this study population of interest in the selected tea estates of Kenya wherein 70 respondents were selected. The study revealed that competence, assessment and development, management by objectives, performance based pay and employee training all affected employee performance in Kenya tea development agency.

Prasetya, Arik and Kato, Masanori (2011).This survey was conducted at PT. Telkom Kandatel Malang which is a company engaged in telecommunication services in Indonesia. The 57 respondents in this survey are permanent employees of PT. Telkom Kandatel Malang with working experience more than 3 years. This study revealed that the perceptions by the employees of PT. Telkom Kandatel Malang concluded that the majority (> 50%) already know and understand well about the purpose, type, timing, methods, and related interviews conducted, although there are some employees who have different views. Regarding the salary system at PT. Telkom Kandatel Malang in terms of the level of justice, competitiveness, and clarity, more than 50% of employees said fair enough, quite competitive, and it was clear.

Chompukum, Pachsiry (2012). In this study data were collected from 476 employees in the four largest banks in Thailand. Suggested proposed model, it would be expected that attitude towards performance evaluation would correlate with linkage between consequences and targeted performance, coaching and perceived performance management effectiveness.

Francis O. Boachie (2012). The study conducted on polytechnic in Takoradi, Ghana where data was collected 140 employees of the institution, which included both academic and administrative staff both. The study indicates that employees of the institution perceive that the performance appraisal system of the institution is affected by some major errors.

Akuoko, Kofi Osei (2012).For the study data were collected from 147 employees of six financial institutions were chosen in the Kumasi Metropolis, Ghana. The study demonstrated that the performance appraisal system can be an effective tool in employee motivation if both the process and outcome are fair. The study also revealed that employee participation in the appraisal process was high and this led to employee motivation and perception of the process and outcome as fair.

Method

The Study

By the extensive literature review, it has been found that work on PMS is done in many countries and there is no significance work done for cement companies in Indian context. PMS is very important factor in Human Resource Management (HRM), which plays a key role in cement industries because often cement industries are situated in remote areas wherein basic amenities are very less. The present study will focus on factors of PMS of cement companies in Rajasthan.

The Design

The qualitative study will be done where primary data will be collected through questionnaire, personal interview, telephonic interview, annual reports of cement companies, government reports on cement industry etc.

The Sample

A 300 and more samples will be taken from the different level of management and non-management employees from major cement companies such as ACC, Binani Cement, Shree Cement, Ambuja Cement, JK Cement, UltraTech Cement, Mangalam Cement etc.

The Tools

Data Collection

The data collection is to be used for study are mainly primary. The primary data are those, which are collected afresh and for the first time, and thus happen to be original in character.

In this study, primary data will be collected by administering questionnaire to the employees of the different cement companies in Rajasthan.

Data Analysis

The data, after collection, has to be processed and analyzed. The process implies editing, coding, classification, and tabulation of collected data.

The different statistical tools are to be applied for the study Factor analysis, ANOVA, correlation, etc. in accordance with data type.

Future research

The research can be done in Indian or global context of performance management system in cement.

Research can be done in India with the context of factors of human resource management systems in cement.

The research can be done in Indian or global context of performance management system in other industries.

Possible Outcomes and Implications

The outcome of the research will identify the key PMS factors in cement companies, which will make significant relevance in cement industry.

The implication of research would be beneficial to employees, departments, organization academicians etc.

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Layout of Chapters

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References

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